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Abstract

The Jordan Customs Department has agreed to the development with USAID-funded support of a Comprehensive Integrated Tariff System (CITS) that is a web-based resource for the identification of all tariff and non-tariff measures for the import, export or transit of goods through Jordan. The CITS project identified the need for substantial change in the process for the issuance of regulations by all agencies in the Jordanian government with a border mandate. A marketing strategy was developed increase the acceptance of the CITS system by potential users. This report identifies a low-cost marketing strategy used to launch this service.

Abbreviations and Acronyms

AMIR	Achievement of Market-Friendly Initiatives and Results Program
CRM	Customs Reform and Modernization
HS	Harmonized System (of tariff nomenclatures)
CITS	Comprehensive Integrated Tariff System
JCD	Jordan Customs Department

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Executive Summary

Jordan Customs Department, like other customs administrations worldwide, has the primary responsibility for goods crossing Jordan's borders. In this role, the Jordan Customs Department (JCD) needs to take the lead in the coordination of the various other government agencies (OGAs) whose mandate includes border-related activities. The Ministries of Health and Agriculture are examples of two agencies that are involved in border management, and that require compliance with numerous regulations for border transits.

The Jordan Customs Department officially launched CITS on-line on July 31, 2005. In advance of the official launch, the JCD, with assistance from the USAID-funded AMIR Program, held a pre-launch publicity event on July 25, 2005. For this event, demonstration CDs were prepared that were distributed to the over 200 invited guests representing other Jordanian government agencies, embassies of other countries and the business community of Jordan. This is a first step in making use of the CITS system and additional marketing steps are required.

Recommendations

- The Organization and Planning Directorate in collaboration with the Tariff Directorate of the JCD drafts a model interagency agreement to use between the JCD and OGAs to collaborate through the CITS system to define the proper tariff classifications for goods affected by all new regulations.
- Jordan Customs Department invites to a workshop representatives from each of the Jordanian OGAs whose regulations are contained in CITS. The purpose of this workshop would be to develop interagency agreements to use the power of CITS for the refinement of regulations prior to issuance.
- Jordan Customs Department signs interagency agreements to use CITS with all agencies that issue border-enforced relations for the import, export or transit of goods. Priority will be given to working with those agencies having the highest number of border-enforced regulations.
- The Director General of JCD issues a directive that JCD officers will not accept any incomplete declarations filed by licensed clearing agents. Sixty days prior to the issuance, the Director General will circulate to all customs clearing agents the new directive that requires complete declarations and provide to them a copy of the CITS demonstration CD.

1. Background

Customs reform and modernization initiatives carried out by the Jordan Custom Department (JCD) seek to promote international best practice activities aimed at enhancing the effectiveness and efficiency of customs operations in Jordan. One of the most important steps was the implementation of the Automated System for Customs Data (ASYCUDA) that operates at all key entry points. ASYCUDA is the basic customs declaration processing system used by Jordan. However, it has limited capacity for management of multi-agency regulations. In an effort to advance the performance and service delivery, technical teams from the JCD and the AMIR Program agreed to work on a web-based solution available to all stakeholders, which they identified as the Comprehensive Integrated Tariff System (CITS). The objective of CITS is to become the information source for all tariff and non-tariff measures to be applied by the JCD to goods entering, exiting or transiting Jordan.

By expanding the use of this software, the JCD will:

- Make the regulatory environment more transparent and predictable.
- Communicate required information to stakeholders in a timely manner.
- Unite the interpretation and enforcement of regulations across all borders and customs houses.
- Create a link between customs' tariff interpretation of the regulations and the permit issuance process of the regulatory agencies.

Accordingly, the expanding use of the system will help better facilitate trade that will attract the private sector to invest; which in turn will increase trading. The system can strongly support the rationalization of all government regulations to limit the natural tendency of an uncoordinated approach to border management of duplicity and over regulation.

The objectives of the marketing consultancy, the subject of this report, were to (i) develop a strategy and plan for the JCD to promote the use of CITS as an effective facilitator of trade aligned with technology, (ii) expand system use by JCD and other relevant government agencies, and (iii) ensure that by end-CITS be commonly used.

2. Marketing Strategy Details

2.1 Market Segmentation Criteria

Two primary market segmentation methodologies will be used, viz., consumer market and organization market segments.

1. Consumer markets will be divided based on two criteria: benefits sought from CITS (e.g. unified information source or interpretation of a regulation or improved trade facilitation), and CITS usage rate (e.g., for the public sector that frequently issues regulations and trade agreements).
2. Organizational markets can be addressed in terms of business-to-business markets, in which cases CITS would fall under a local trade development industry. As a priority, CITS will be marketed specifically in Jordan and for local Jordanian government agencies including JCD and private sector organizations that are interested in expanding their knowledge about all trade agreements and requirements for the import, export, and transit goods.

2.2 Market Segmentation Groupings

2.2.1 Government Bodies

- a. *Regulatory Government Agencies* that create, amend, replace and remove border-related regulations. These agencies also have the technical knowledge and understanding of the purpose and required impact of a particular regulation. In addition to the JCD, OGAs also grant permits, exceptions and licenses to the private sector.
- b. *Customs Department (JCD)* is the primary business owner of CITS. JCD implemented the system and will maintain it. JCD stakeholders include:
 - **Declaration processing staff:** Officers from JCD and OGAs that process shipments and are responsible for implementing regulatory requirements at the borders and customs houses.
 - **JCD staff involved in tariffs:** JCD Tariff Directorate staff that have expertise on tariff classification and interpretation.
 - **JCD staff involved in information technology (IT):** Since CITS is a web-enabled data base, its maintenance is the responsibility of the JCD IT Directorate.¹

¹An objective of the CITS project that the JCD failed to accomplish was the development of a complete interface between ASYCUDA, the primary declaration processing engine, and CITS. This critical step has now been transferred to the second version of CITS and aims to insure that the legal requirements contained in CITS are then correctly transferred to ASYCUDA. An unanticipated corollary outcome of the build of the first version of CITS was the discovery of a significant number of historical errors in the ASYCUDA system that have been corrected.

2.2.2 International Traders and Brokers

International and local traders (import/export traders), shipping agents, cargo operators, freight forwarders, investors and other entities need to comply with the Jordan regulatory requirements and need access to up-to-date, accurate information related to tariff and non-tariff measures. This information is critical both for planning business investments and for ensuring regulatory compliance.

Clearing agents and brokers are the most critical tie between the JCD and importers and exporters, since they are responsible on behalf of their clients to meet Jordan's regulatory requirements. They fill in and submit commercial declarations on behalf of the private sector companies. The accuracy of their work directly impacts on the workload of the JCD and, as a consequence, the pace at which shipments are processed.

2.2.3 General Public

Other persons need to know about the regulatory environment in Jordan. This segment includes economists or persons interested in research on Jordan. Additionally in this segment, the majority from general public will probably never use CITS. However, the knowledge that Jordan has such an advanced trade information system generally will inflate the overall image of the country by widening their awareness and providing them with more confidence about the facilitation of services the Jordanian government is implementing.

2.3 Effective Segmentation

Segments are based on statistical information from OGA and JCD, and can be used to determine the number of regulations issued by each government body during a specific timeframe. The following is an example of the total number of documents handled by JCD and OGAs during 2002-2004:²

1. JCD - 66%.
2. Ministry of Trade - 21.96%.

All segments can easily access CITS through the Internet. OGAs will enjoy the benefit of issuing regulations and communicating them directly to the JCD, which will have correct tariff classifications for all goods. In contrast, the private sector will benefit in knowing and preparing all required documents beforehand to export or import.

All segments benefit a wide number of persons; each will have tailored programs and activities based on their needs.

2.4 Segment Evaluation³

² 'Comprehensive Integrated Tariff System: Business and Technical Design Specification, Version 0.2,' prepared by Lubomir Dvorsky for the AMIR Program, September 2004.

³ Brassington & Pettitt. (1997), *Principles of Marketing*, Pantket Arts, Maidstone, Kent.

A major concern about segmentation is that, since CITS is a web-enabled application, the number of segments will likely expand rapidly. The main concerns are as follows:

- Laggards will resist CITS out of fear from change, transparency, or lack of appreciation of the application of higher technology.
- CITS is a functionally independent system, thereby weakening any competition from the systems of other countries. In this regard, the quality of CITS will play a role more than competing systems.
- Segments will need to have IT capacity to be able to work on CITS and promote it. Qualified IT resources are available as well as high tech equipment and access to the Internet.

2.5 Targeting Strategy

The targeting strategy will be based on differentiated marketing⁴ for the three market segments, each of which will use the system benefit from it differently.

2.5.1 Group 1: Jordan Customs Department

This segment is the starting point for CITS and the most important in Jordan (locally). When JCD personnel are persuaded to use CITS, OGAs will follow and also attract the private sector. The core message for this segment is to get the knowledge into the hands of the customs officers to use the tool for verifying information on declarations in order to work from a single information source, a single interpretation of a regulation, and in the future integration between CITS and ASYCUDA.

Objective: Boost ownership of CITS by JCD.

- Ensure CITS understanding: implementation and usage facilitation in line with trade overview plus have open communication channels with OGAs.

Strategies:

1. Have the JCD Director General adopt the program and emphasize the core message in all promotional materials and during media activities.
2. Involve the JCD in decision making, which is now being done through the CITS Steering Committee.
3. In the long run, the JCD Training Center needs to include an introduction and use of CITS into training plans.

Leader: JCD Director General, JCD Training Center for training.

Task: Organize a launching seminar common to all segments and that should include key persons from all segments.

⁴ Kotler & Armstrong. (1996), *Principles of Marketing*, Eighth Edition, Prentice Hall, New Jersey.

Where: At a five-star hotel with a maximum of 200 people maximum.

How:

- Event shall include a reception.
- Attendees shall include high-ranking government officials from relevant ministries, JCD department heads, and the most active traders from the private sector.
- Presentation shall be attractive and include a brief data show (10-15 minutes maximum), stressing the benefits of CITS with emphasis on the adoption of the system by JCD.
- Press releases shall be published on the same day in all local newspapers.
- JCD shall provide leaflets on easy step-by-step instructions CITS usage and benefits.

Leader: JCD Director General.

Arrangement: Public Relations Department at JCD under authority of Director General.

2.5.2 Group 2: Other Government Agencies (OGAs)

This segment cares the most about ensuring a single interpretation of any tariff or non-tariff measure working from a single information source. It also provides the link between the technical knowledge of OGAs and the tariff knowledge of customs officers to ensure accurate selection of tariff classification codes for a particular measure (and thus avoiding any ambiguity in interpretation of regulations).

Objectives:

- Raise awareness of CITS.
- Build capacity of OGAs to update the system information and efficiently use the system.
- Provide timely updated and accurate information by OGAs to the business community involved in trade agreements, orders, rulings and instructions.

Strategies:

1. Hold a multi-agency training session on CITS interactive feature. Reach service level agreement for use of CITS.

Leader: JCD Organization and Planning Directorate and Tariff Directorate.

How:

- Q & A sessions.
- Demonstration of interagency capacity for pre issuance coordination.

Arrangement: JCD Training Center

2. Co-marketing arrangements with OGA on the next month after signing agreements.

How:

- Publish information and advertisement about CITS in the monthly Ministry of Industry newsletters and on web sites.

Arrangement: JCD Public Relations Department

3. Share CITS with upper management (secretary generals, concerned department heads) of selected leading ministries at which the system will be frequently used; such as MIT Ministry Of Trade, to gain their support.

How:

- Brief (10-15 minutes maximum) VCD presentation highlighting tailored perspective benefits.

When: ASAP.

Where: At the relevant ministries.

Leader: JCD Public Relations Department.

2.5.3 Group 3: Private Sector and Broker

For this segment the most important feature of CITS is easy access and low cost, plus the privilege of Arabic (legal language). In addition, traders promote the system by word of mouth, which will encourage local and potential traders abroad as well as foreign traders to make use of CITS.

Objective: Provide business community with easy, clear, and consistent information related to all customs and tariff trade regulations.

Strategies:

1. JCD to establish networks with organizations that have wide membership base, through which awareness about CITS could be raised and be marketed with their collaboration.

Where: At the private sector organizations.

How:

- Frequent meetings and visits to present CITS, establish a strong business relationship and make use of their networks.
- Co-market through a large number of brochures and newsletters (including electronic newsletters and emails) distributed to all members.
- Point out that the main aim of CITS is to promote investment to and from Jordan and to facilitate trade.
- Public advertisements and press releases in Royal Wings monthly magazine and at the Royal Jordanian Airlines.
- Internet marketing through having attractive flashes on most popular economic and

trade-related websites.

- Link CITS to all OGA websites.
- Useful statistical information could be retrieved from CITS according to industry to conduct analysis of industry performance.

Leader: JCD Public Relations Department.

2. Organize a seminar to build awareness so that CITS is institutionalized within the business community.
- 3.

How: Continue to promote the image of CITS to private sector organizations.

Leader: JCD.

4. Develop appropriate promotional material and media medium for traders, based on the feature of user ease.

How:

- Intensive advertising campaign in local newspapers with a frequency of three times a month. Campaign should include colored advertisements and be 10 x 8 in size.
- Print brochures and newsletters to be disseminated through organizations having a wide membership base.

Leader: JCD Public Relations Department.

2.6 Long Term Public Relations and Marketing Strategy

CITS delivers high privileges to the trade industry as installation is done once the website is hosted and accessible online. Also consider CITS as a trade facilitator and informative tool (advisor and reference).

Objectives

1. Utilizing IT, CITS serves as a tool for the interaction among the private sector, JCD and OGAs.(features)
2. Enhance private sector understanding of the cost implications underlying the execution of international and local trade agreements in order to foster investment. (benefits)

The most suitable long term strategy is ‘benefit positioning’.⁵

Strategies:

1. Implement bi-annual market research to stay updated about international customs applications, taking into consideration how localization would keep CITS in the best

⁵ Kotler P. (1999), *Marketing Management*. Tenth Edition, Prentice Hall, New Jersey.

shape possible.

2. Make use of statistical information submitted by the monitoring committee to stay aware of the areas of strengths and weaknesses of CITS.
3. Update the information source of all regulations and interpretations.

When: Bi-annual.

How:

- Publish press releases to educate private sector beneficiaries and the general public about CITS.
- Assure receiving accurate statistical information by the monitoring committee.
- Conduct CITS in-depth training for staff if relevant IT directorates to ensure proper maintenance and frequent updates.

Leader: JCD Public Relations, Training, and IT departments.